

Security Information

Personnel Director

Comptroller

OGC Has Reviewed

3 November 1952

Refund of Retirement Deductions

1. We have your memorandum of 18 September 1952, wherein you indicated that Mr. Warren Irons, Chief, Retirement Division, U. S. Civil Service Commission, had no objection to refunding to Staff Agents retirement deductions which were held in escrow by the Agency. While the procedure presented is simple in nature, it conflicts with the current system of accounting for Agency retirement deductions. Therefore, it is felt that a more detailed explanation as to the manner in which the Agency maintains its records should be made known to your office.

2. At the present time, no retirement deductions are held in escrow. Instead monthly deposits, including deductions for Staff Agents, are currently made into the Retirement Fund controlled by the Civil Service Commission. At the end of each calendar year a reconciliation of the current year deposits and the sums withheld as evidenced by the individual pay cards is made. In addition, a reconciliation of gross amounts reported for previous calendar years and the total amount reflected on individual retirement records are made and a certification is forwarded to the Civil Service Commission in the form of an annual reconciliation of retirement deductions. Since no deductions are held in escrow, any refund made to an employee who has had deductions for prior calendar years would require either a statement of adjustments for prior years (which requires identification of the individual involved) or a false certification as to the prior year balances. The latter would result in the Agency maintaining two sets of books, one representing Agency records of prior year deductions and the other representing the reconciliation to be certified to the Civil Service Commission.

3. While this office is in complete accord with the refund of retirement deductions where conditions of security warrant such action, we believe that definite agreement should be reached with the Retirement Division of the Civil Service Commission, wherein we are permitted to furnish adjustments of prior year deductions without revealing the identity of the individual to whom the refund is made. We believe this type of procedure to be more desirable than the establishment of an Agency escrow account, due to the complex accounting requirements that it would entail, and the criticism we received from Mr. Irons when we had an escrow account in 1948.

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4. It appears necessary that we withhold payment on the retirement claims [REDACTED] (Pseudonyms), which you recently forwarded to us, until such time as you have effected a firm agreement with the Retirement Division of the Civil Service Commission along the lines mentioned in paragraph 3 above.

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E. R. SAUNDERS

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cc: 2 Finance

1 General Counsel /